

Introduced by Senator Liu

March 23, 2010

Senate Concurrent Resolution No. 92—Relative to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SCR 92, as introduced, Liu. Taxation.

This measure would urge community organizations and local government entities to promote education and awareness of the Earned Income Tax Credit and other tax credits that help working families persevere through difficult economic times.

Fiscal committee: no.

- 1 WHEREAS, The Congress of the United States enacted the
2 Earned Income Tax Credit (EITC) in 1975 to offset the burden of
3 social security taxes on low-income taxpayers, to supplement
4 wages, and to encourage work; and
5 WHEREAS, Since its enactment in 1975, the EITC has brought
6 millions of families above the poverty level and has had a high
7 participation rate relative to other programs for low-income
8 Americans; and
9 WHEREAS, The EITC has been expanded by a series of
10 Presidents of the United States, including both Democratic and
11 Republican presidents; and
12 WHEREAS, Working California families may be missing out
13 on a federal refund of up to five thousand six hundred fifty-seven
14 dollars (\$5,657) because they are not aware of the EITC and other
15 working family-tax credits, such as the Child Tax Credit, the Child
16 and Dependent Care Credit, and the Making Work Pay Credit; and

1 WHEREAS, According the Internal Revenue Service (IRS), up
2 to one in four eligible taxpayers may fail to claim the EITC because
3 they are not aware of the credit or of free assistance to claim the
4 credit; and

5 WHEREAS, The EITC is available to taxpayers who work, but
6 do not earn high incomes and may often struggle to make ends
7 meet. These taxpayers could be missing an opportunity to pay less
8 federal income tax, pay no federal income tax, or receive a refund;
9 and

10 WHEREAS, New parents, grandparents raising grandchildren,
11 and foster parents may not realize they qualify for the EITC. Some
12 families, such as those in the military and those raising children
13 with disabilities may not realize that there are special rules that
14 may help them qualify for the EITC; and

15 WHEREAS, The IRS and other organizations collaborate with
16 local agencies to offer Volunteer Income Tax Assistance (VITA)
17 to raise awareness of the EITC; and

18 WHEREAS, The IRS and its partners provide tools to local
19 agencies to link financial education and other asset-building efforts,
20 such as individual development accounts; and

21 WHEREAS, The IRS and the Congress of the United States
22 have taken steps to reduce the EITC's error rate and simplify the
23 filing of the credit; and

24 WHEREAS, Employers, at no additional cost to themselves,
25 can increase the take-home pay of their employees if their
26 employees utilize the EITC; and

27 WHEREAS, The EITC increases revenue in the community and
28 has a substantial impact on the California economy; and

29 WHEREAS, A recent study estimated that 800,000 Californians
30 will fail to claim one billion two hundred million dollars
31 (\$1,200,000,000) in EITC refunds in 2009 and that California
32 business will lose out on one billion four hundred million dollars
33 (\$1,400,000,000) in sales and 8,200 jobs will not be created as a
34 result; now, therefore, be it

35 *Resolved by the Senate of the State of California, the Assembly*
36 *thereof concurring*, That the Legislature urges community
37 organizations and local government entities to promote education
38 and awareness of the EITC and other tax credits that help working
39 families persevere through difficult economic times; and be it
40 further

- 1 *Resolved*, That the Secretary of the Senate transmit copies of
- 2 this resolution to the author for appropriate distribution.

O